

Alhambra-Grantfork Telephone Company  
Illinois Universal Service Funding Calculation  
Staff Calculated Funding Requirement

<u>Line #</u>	<u>Description</u> (a)	<u>Company</u> <u>Amount</u> (b)	<u>Alhambra</u> <u>Adjustments</u> (c)	<u>Internet</u> <u>Adjustments</u> (d)	<u>Long-Distance</u> <u>Adjustments</u> (e)	<u>Staff Adjusted</u> <u>Amount</u> (f)	<u>Source</u> (g)
1	Net Regulated Plant	\$ 2,136,200	\$ -	\$ -	\$ -	\$ 2,136,200	
2	Materials and Supplies Inventory	40,562				40,562	
3	Customer Deposits	6,594	-	-	-	6,594	
4	ADIT - Regulated Plant	225,162	-	-	-	225,162	
5	Rate Base before Working Capital	\$ 1,945,006	\$ -	\$ -	\$ -	\$ 1,945,006	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement						
7	Total Operating Expenses	\$ 877,341	\$ (15,238)	CONFIDENTIAL	CONFIDENTIAL	\$ 1,157,993	line 17
8	Less: Depreciation Expense	234,646		-	-	234,646	
9	Total WC Operating Expense	\$ 642,695	\$ (15,238)	CONFIDENTIAL	CONFIDENTIAL	\$ 923,347	line 7 - line 8
10	WC OE Requirement	\$ 80,337	\$ (1,905)	CONFIDENTIAL	CONFIDENTIAL	\$ 115,419	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requirement	-	-	-	-	-	
12	Total Working Capital Requirement	\$ 80,337	\$ (1,905)	CONFIDENTIAL	CONFIDENTIAL	\$ 115,419	line 10 + line 11
13	Total Rate Base	\$ 2,025,343	\$ (1,905)	CONFIDENTIAL	CONFIDENTIAL	\$ 2,060,425	line 5 + line 12
14	Total Operating Revenues	\$ 1,153,495	CONFIDENTIAL	CONFIDENTIAL	CONFIDENTIAL	CONFIDENTIAL	column c: Initial Brief Sched. 2 columns d & e: Schedule 4.04
15	Less: Illinois High Cost Fund	-	-	-	-	-	
16	Net Operating Revenues	\$ 1,153,495	CONFIDENTIAL	CONFIDENTIAL	CONFIDENTIAL	CONFIDENTIAL	line 14 - line 15
17	Total Operating Expenses	877,341	(15,238)	CONFIDENTIAL	CONFIDENTIAL	1,157,993	column c: Schedule 4.03 columns d & e: Schedule 4.04
18	Other Operating Inc and Exp - Net	-	-	-	-	-	
19	Other Operating Taxes	6,861	-	-	-	6,861	
20	Net Op Inc before Income Taxes	\$ 269,293	CONFIDENTIAL	CONFIDENTIAL	CONFIDENTIAL	CONFIDENTIAL	line 16 - lines 17, 18, & 19
21	Income Tax Expense	104,321	CONFIDENTIAL	CONFIDENTIAL	CONFIDENTIAL	CONFIDENTIAL	line 34
22	Net Operating Income	\$ 164,972	CONFIDENTIAL	CONFIDENTIAL	CONFIDENTIAL	CONFIDENTIAL	line 20 - line 21
23	Return on Rate Base	8.15%				CONFIDENTIAL	line 22 / line 13

The shaded amounts in columns b, c, d, e, and f at lines 7, 9, 10, 12, 13, 14, 16, 17, 20, 21, 22, 23, 25, 26, 28, 30, 31, 32, 33, and 34 are CONFIDENTIAL.

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Line #	Description	Company Amount	Alhambra Adjustments	Internet Adjustments	Long-Distance Adjustments	Staff Adjusted Amount	Source
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
24	After-tax Cost of Capital	11.21%	11.21%	11.21%	11.21%	11.21%	
25	Target Net Operating Income	\$ 227,041	CONFIDENTIAL	\$ 1,575	\$ 2,572	CONFIDENTIAL	line 24 * line 13
26	Adj to Achieve Target Return on RB	\$ 62,069	CONFIDENTIAL	\$ (23,527)	\$ (26,226)	CONFIDENTIAL	line 25 - line 22
27	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	1.6324	1.6324	line 35
28	Staff ROR Deficiency	\$ 101,322	CONFIDENTIAL	\$ (38,405)	\$ (42,811)	CONFIDENTIAL	line 26 * line 27
29	Calculation of Income Tax Expense						
30	Net Op Inc before Inc Taxes	\$ 269,293	CONFIDENTIAL	\$ 40,976	\$ 47,008	CONFIDENTIAL	line 20
31	Illinois Inc & Rep Tax Expense	19,335	CONFIDENTIAL	2,942	3,375	CONFIDENTIAL	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	\$ 249,958	CONFIDENTIAL	\$ 38,034	\$ 43,633	CONFIDENTIAL	line 30 - line 31
33	Federal Income Tax Expense	84,986	CONFIDENTIAL	12,932	14,835	CONFIDENTIAL	line 32 * 34.00%
34	Total Imputed Income Tax Expense	\$ 104,321	CONFIDENTIAL	\$ 15,874	\$ 18,210	CONFIDENTIAL	line 31 + line 33
35	Gross Revenue Conversion Factor	1.6324	1.6324	1.6324	1.6324	1.6324	1 / ((1 - .0718) * (1 - .34))

The shaded amounts in columns b, c, d, e, and f at lines 7, 9, 10, 12, 13, 14, 16, 17, 20, 21, 22, 23, 25, 26, 28, 30, 31, 32, 33, and 34 are CONFIDENTIAL.

The amounts in column b at lines 1 through 35 are identical to the amounts in the "Adjusted Amount" column on page 1 of Alhambra Exhibit 5.0, Attachment 2, Schedule 1.01.

Schedules 4.03 and 4.04 are included in ICC Staff Exhibit 4.0R CONFIDENTIAL.

Alhambra-Grantfork Telephone Company  
Illinois Universal Service Funding Calculation  
Adjustment for Interstate Revenue Recoveries

<u>Line #</u>	<u>Description</u>	<u>Amount</u>		<u>Source</u>	
	(a)	(b)	(c)	(d)	(e)
1	Adjustment for Interstate Revenue Recoveries				
2	Change in Interstate Revenues per Staff	CONFIDENTIAL			line 14
3	Change in Interstate Revenues per Company	<u>(4,864)</u>			line 20
4	Adjustment to Interstate Revenues	CONFIDENTIAL			line 2 - line 3
5					The amount on line 4 is placed on Schedule 1-1, line 14, column c.
6					
7	Plant Additions				
8	2003 Plant Additions	\$ 849,688			ICC Staff Exhibit 2.0, page 8, lines 149-150. [See the Alhambra 2003 ICC Form 23A, page 6, line 8, column c.]
9	2004 Projected Plant Additions	<u>500,503</u>			ICC Staff Exhibit 2.0, pages 8 & 9, lines 151-154. [See Alhambra Exhibit 1.0, page 50, lines 1290-1297.]
10	Total Plant Additions	<u>\$ 1,350,191</u>			line 8 + line 9
11					
12	CONFIDENTIAL	CONFIDENTIAL			ICC Staff Exhibit 4.0, Attachment B, page 3.
13					
14	Calculated Interstate Revenue Increase Based upon \$1,350,191 Investment	CONFIDENTIAL			CONFIDENTIAL
15					
16	Alhambra's Total Interstate Revenue Adjustments				
17	Adjustment for Out-of-Period Revenues	\$ (58,030)			Alhambra Exhibit 5.0, Att. 2, Sched. 1.04, Adjustment 1.
18	Adjustment for Federal HCL Funding Change in 2004	(11,966)			Alhambra Exhibit 5.0, Att. 2, Sched. 1.04, Adjustment 2.
19	Total of Alhambra's Surrebuttal Adjustments 1 through 7	66,581			Alhambra Exhibit 5.0, Att. 2, Sched. 1.05, Adjustments 1 through 7a.
20	Remove Alhambra's Surrebuttal Adjustment 3 for Internet Billing Revenue	<u>(1,449)</u>			Alhambra Exhibit 5.0, Att. 2, Sched. 1.05, Adjustment 3
21	Total of Alhambra's Adjustments for Interstate Revenues	\$ (4,864)			line 17 + line 18 + line 19 + line 20

The shaded description, amounts, and source on lines 2, 4, 12, and 14 are  
CONFIDENTIAL.